

Globalization: Issues and Challenges for Trade Union Movement

Md. Akteruzzaman

Department of Marketing, University of Chittagong, Chittagong-4331, Bangladesh

Abstract: Globalization is influencing every aspect of businesses and in many cases is changing the nature of the way the business activities are performed including trade union movement. The study is aimed at exploring the relationship between globalization and trade union movement. The study examines the causes of globalization. It argues that there are different theories that explained the reasons for the development of trade union movement. The study explores the issues, challenges and opportunities of globalization and identifies the role of union members, employers and government. It also indicates the future directions of trade union movement in the era of globalization.

Key words: Globalization, trade union movement

INTRODUCTION

We live in an era of dynamic global environment. Globalization has triggered major impulses for the development of the world economy. Deregulation and international agreement on the reduction of tariffs and non-tariff barriers have opened up new opportunities and challenges for national and international businesses^[1]. The world is changing before our eyes in ways which are often unexpected, exciting, or disturbing and our position within it also seems to be increasingly uncertain and changeable^[2]. In order to be successful in this ever changing global environment, an organization of whatever size must develop a strategy that takes into account its strengths and weaknesses, opportunities and threats compared to others^[3].

Labor (worker) occupies an important position in factors of production. Generally trade unions are voluntary associations of workers to promote and protect their interest by collective endeavor and constitute an integral part of the relationship between the employees and employers^[4]. However, the globalization of economic activities is manifested by increased flow of trade and associated structural change in trade pattern, instantaneous flow of fund across the countries, significant change in international division of labor on the heels of tremendous development in production and communication technology and overwhelming role of multinational enterprises in the world economy^[5]. As a result, trade unions around the globe are facing tremendous challenges in the era of globalization and are struggling to survive as a viable force in the 21st century^[6]. The greatest concern, which unions now must meet, is the challenges of globalization. Further, there is a need to engage in dialogue between unions, worldwide,

in order to influence the agenda to ensure that globalization brings fundamental rights and prosperity to as many people as possible^[7].

This study is designed to explore the different aspects of globalization. The specific objectives of the study include:

- To analyze the reasons of globalization
- To explain the causes of trade union movement around the world
- To examine the relationship between trade union movement and globalization
- To explore the influences of globalization on trade union activities

The analysis of the study has implications for organizations and management trying to cope with global business activities and trade union movement. The study is prepared on the basis of extensive desk research. A thorough review of literatures collected from different sources such as books, academic and trade journals and the Internet has been made. Collected information is analyzed with respect to the objectives of the study.

THE CONCEPT OF GLOBALIZATION

The concept of globalization has been became current from about the mid-1980s when it began to replace terms like internationalization and transnationalization as a more suitable concept for describing the ever intensifying network of cross border human interaction covering a great variety of social economic and political change^[8]. According to Rahman^[9], globalization can be explained as the interconnectedness of nations and regions in economic domain, in particular, trade, financial

flows and multinational corporations. Ronald Robertson^[10] defines, globalization as a concept refers both to the compression of the world and the intensification of consciousness of the world as a whole. Both concrete global interdependence and consciousness of the global whole in the 20th century. According to Yao^[11], globalization means that the world is getting smaller as well as bigger. He explained that, the world is getting smaller in terms of communication networks and lowering trade barriers, however, the world is getting bigger in terms of boundary-less markets. Arnold^[12] pinpoints that globalization consists of the integration of free markets, investment flows, trade and investment through removing natural barriers, such as transport and communication costs and artificial barriers, such as tariffs, quotas and exchange controls. According to OECD^[13], globalization refers to an evolving pattern of cross-border activities of firms, involving international investment, trade and strategic alliances for product development, production, sourcing and marketing. These international activities enable firms to enter new markets, to exploit their technological and organizational advantages and to reduce business costs and risks. Therefore, globalization is a social phenomenon that defines the geographical boundary in terms of many different issues.

REASONS FOR GLOBALIZATION

The origin of the term globalization may be traced because of a number of trends emerged such as similarities, standardization, concentration and co-ordination of business activities on a worldwide basis^[14]. According to Jeannet and Hennessey^[15], a number of reasons responsible for globalization, for example, globalization for internal efficiency, globalization to compete in homogeneous markets and globalization for added strategies. Sheth^[16] argues three possible reasons for emerging globalization of business activities, namely the access of foreign markets, the increasing degree of international standardization of products and the increasing number of worldwide mergers, acquisitions and joint ventures. The key features of globalization at the enterprise level include: (i) Global manufacturing and service activities, global sourcing and global customers; (ii) The emergence of integrated internal production and distribution; (iii) New forms of corporate governance; (iv) Networks are not self-contained but are connected to other business and corporate networks through a variety of forms of co-operation and alliances^[17].

THEORETICAL BACKGROUND OF THE LABOUR MOVEMENT

Many theories seek to explain the origins, structure and behavior of trade unions and provide a basis for predicting future behavior and other characteristics^[18].

Class consciousness: Capitalism had created a class of workers without property, who produced the wealth but shared few returns^[19]. Many writers believe that Marx' view of industrial capitalism provided a basis for unionism among workers. Further, from a Marxist perspective, the capitalist system is based on antagonistic class interests between capitalists and workers^[20].

Industrial reform: Some labor historians and social reformists believe that unions are agents of industrial reform. Unions seek to protect workers through the establishment of rules governing employment arrangements^[21]. In addition, these reformers argue that unionists could do a good deal to improve their lot through collective bargaining, which could ease employer pressure on wages, hours and working conditions^[22].

Psychological needs of workers: Some writers, for example, Tannenbaum and Hoxie, concluded that unions emerged in response to the psychological needs of workers. They also argued that different groups of workers had different psychological needs and outlooks, which in turn led to the formation of unions with widely varying functions. Further, the foundation of this theory is that the development of unions was a response to the alienation and loss of community associated with industrial work^[23].

Economic self-interest: Believers in economic self-interest theory argued that most individual workers are forced to deal with their employer from a position of unequal bargaining power and unions were formed as an instrument to protect member's job rights and improve the terms and conditions of employment^[24]. According to Perlman^[25], trade unions were constantly struggling against a poor intellectual approach, which would frame its programs and shape its policies. He also added that, trade unions were primarily concerned with basic economic and job-related issues.

The offspring of arbitration: In addition to the above theoretical explanations for the founding of trade union movements around the globe, some authors argue that Australian trade unions are the result of the State and the institutional requirements of the Conciliation and Arbitration system^[26]. According to Howard^[27], in Australia, trade unions in the nineteenth century may have emerged in response to conventional stimuli, but those of the twentieth century emerged out of the needs of the arbitration system which had then become law.

The above theories concerning trade unions have separate assumptions about the motivations of workers and the nature of economic and political systems. Each of the theories seeks to explain the behavioral pattern of the union movement from a particular viewpoint.

TRADE UNIONISM

The Australian Bureau of Statistics (ABS) has defined a trade union as an organization consisting predominantly of employees, the principal activities of which include the negotiation of rates of pay and conditions of employment for its members^[28]. A trade union is an association of workers who are individually and collectively entrusted with the obligatory task of representing the interest of all the workers before the management^[29]. According to Webbs^[30], a trade union is a continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives.

Meaning of globalization to trade unions: In general, globalization covers many issues including the growth and importance of multinational enterprises, internationalization of financial markets, development of communication network technology, deregulation of the labor market, liberalization and privatization^[31]. All these issues have brought challenges to workers and their trade unions. Unions experience globalization as the loss of millions of jobs, a rapid decline in real wages, increased poverty and the destruction of the livelihood of hundreds of millions of workers around the globe^[32]. In addition, workers are one of the many victims of the negative effects of globalization everywhere in the world^[33]. Therefore, unions see globalization as a threat and the world body of trade unions is organizing to meet these threats.

Impact of globalization: According to the United Nations^[34], 120 million people are actively searching for work without success around the world. In most countries, the common adverse effects of globalization include: escalating unemployment, casualization of workers, wage cuts, the destruction of entire industries, declining health and safety standards, union busting and the co-optation of union leaders^[35]. In Niger, for example, between 1988 and 1992 about 5000 people who were employed in public enterprises lost their jobs because of privatization^[36]. In addition, in Hong Kong on May 23, 1999, more than 23,000 public sector workers and trade unionists demonstrated their protests against lay-offs, wage cuts, reduced pensions and diminished job security^[37]. These are common scenarios in many countries.

Trade unions everywhere are experiencing membership decline due to the challenges of globalization and deindustrialization^[38]. The principal determinant of declining union density was the falling proportion of manufacturing employment^[39]. Drago and Wooden^[40] argued that structural changes in the economy and increased government and employer and employee opposition to unions resulted substantial reduction in

unionism. Shaw^[41] attributed the declining trend of union membership to the increase in business operating in the service sector. In addition, dissatisfaction among members in certain unions was also responsible for the decline in union membership^[42]. Trade unionism around the world is one of the many organizations that are affected badly by globalization.

Further, the greatest fear is that a global labor market allows extremely low paid workers in developing countries to undercut the wages of less skilled workers in developed countries^[43]. However, globalization does not always bring adverse effect to the working class because it helps to create many new jobs. But the ultimate adverse effect of globalization is on trade unions with very few other organizations because of the worldwide push for privatization and the creation of multinational enterprises. Challenges or Threats of Globalization: Globalization brought many challenges to trade unions. Alongside the positive aspects, capital movement overseas represents lost trade, employment and output at home in many countries^[44]. According to Watson^[45], unions have to face three key challenges. Firstly, precious resources have to be allocated to secure member's rights when the government should be enforcing legislation. Secondly, unions need to focus not only on education, health and safety practices but also to seek new models for organizing casual, seasonal and migrant workers. Finally, unions have to find allies outside the formal labor market. The union also faces a difficult environment with employers obviously keen to reduce labor costs and minimize union influence in their operation^[46]. In addition, globalization has given workers little choice but to accommodate employers' demands if they wish to keep their jobs^[47]. Moreover, management attempts to further individualize the employment relationship, reduce wages and conditions and outsource organizational areas or functions into the low paid non-union workplace^[48]. A restructured workforce, deregulation of the labor market, growth of non union enterprises, privatization of industries, women in workforce, environmental issues and superannuation are some of the many other issues confronting the trade union movement at this point of time. Therefore, it is very difficult to build and maintain union strengths in any one country in the era of globalization^[49].

Opportunities of globalization: Labor is at the heart of business and economic development. Labor is in the key strategic position to determine whether a business succeeds or fails. Despite global competition and the challenges of the 21st century, globalization has created enormous potential opportunities for trade unions. For instance, it has created new job opportunities; it helps workers to adapt to the changing global work pattern rather than to stick rigidly to old practices; and has created a globalize

environment that requires training to look to the future, not hang on the past^[50].

Trade unions in many developing countries, especially in Asia, welcome the opportunities that globalization brings in creating many jobs, leading to greater output and higher income and an improved standard of living for many poor people^[51]. Therefore, there is an opportunity for trade unions to organize worldwide successful trade unionism that will benefit workers in general and ensure the future viability of trade unions in particular.

Responsibility of trade unions: As part of the global movement, trade unions have to play a central role to minimize the adverse effects of globalization and maximize the benefits. In addition, trade unions have the responsibility to see that their members enter the workforce with credentials that give them a reasonable chance of success^[52]. Further, to survive and thrive, unions have to reassert the rights of labor in ways, which allow them to recapture the advantage of globalization^[53]. Additionally, unions must not fear globalization but should build confidence and calmly analyze the threats that come from globalization to plan their responses^[54]. Above all, the worldwide union movement needs to strengthen and work under one umbrella to protect workers rights in general and unions' interest in particular.

Responsibility of Employers: In this era of globalization, employers must not forget that these are the people who deliver the services, who provide the support and assistance, who organize the contracts with other people in an increasingly globalize world^[55]. Therefore, employers must recognize employees' organizations and act to gain mutual benefits not to waste effort in combating unionism.

Responsibility of Government: We should not forget that government bodies all over the world initiated the changes towards globalization. The responsibility of government in different countries should not to be politically motivated but rather they should keep the door open for the people who are the most disadvantaged (the working and unemployed classes) in society and formulate policies in the world forum to help improve their standard of living. In addition, government should provide support facilities to train employees in general and trade union members in particular so that the workers become competitive in the global labor market.

Future direction of the trade union movement: The debates about the impact and consequences of globalization are likely to continue around the world in general and Australia in particular. Unions need to reformulate their goals to ensure their activities are more closely identified with values like freedom and fairness that are both widely held and fundamental^[56]. In addition, unions may show solidarity by sharing information about

the common employer with trade unions in other countries. Further, The International Confederation of Free Trade Unions would provide a stronger voice for workers to various bodies of the United Nations^[57].

If unions can meet the challenges thrown out by globalization in the 21st century, they will survive and grow^[58]. However, it is unlikely that in future, trade unionism around the globe will disappear. The declining trend of union membership and in the number of unions across the world and in Australia show a very alarming future. Therefore, according to Griffin^[59], the future for unionism may not be very bright.

CONCLUSION

The issue of globalization significantly affected trade unions around the world. Millions of jobs lost, wage cuts, declining health and safety standards and casualization of workers are common in many countries. However, new jobs were created in many countries, particularly in Asia. Therefore, this is the time for trade unions to rethink, to co-ordinate their activities across the globe and talk about the threats of globalization. They need to develop strategy to meet the demands of globalization and use its opportunities. This will only be possible when the unions have a clear vision of their role in society, endeavoring to obtain justice for workers around the world.

The long and glorious history of trade unionism around the globe is in real danger in the era of globalization in the 21st century. Finally, it may be said that if the unions are able to manage the challenges, use the opportunities of globalization and meet the demands of the 21st century, they will survive and grow. Otherwise there may well be a very sad future for trade union movements around the worldwide.

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